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DEPT FOR PM/DTCC J. STITZIEL AND K. BALLARD

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [GT](#)
SUBJECT: GUATEMALAN RESPONSE ON POTENTIAL SALE OF
MAP-ORIGIN FIREARMS

REF: A. STATE 32825
[1](#)B. GAUTEMALA 2042

[1](#)1. SUMMARY: On April 10, PM/DDTC representatives Judd Stitzziel and Kyle Ballard, and Embassy officers conducted meetings requested Ref A to explore the sale of MAP-origin firearms by the Guatemalan Ministry of Defense (MOD) to U.S. firearms dealer Century Arms via Guatemalan company GIR SA in [1](#)2007. Prior to the meetings post delivered the specific questions provided Reftel to the MOD, and on April 11 provided written follow-up questions to the MOD that arose from the April 10 meetings. MOD representatives acknowledge that mistakes had been made by the prior military leadership and promised full cooperation and disclosure regarding the MOD's business relationship with Century Arms and GIR SA. Stitzziel, Ballard, and Embassy officers also met with the owner of GIR SA, Ori Zoller, who discussed his company's role in the Century Arms deal. His version of events, including the role played by GIR SA and the actual chain of custody of the weapons, do not totally correspond with other versions received by Embassy Officers. The visit of Stitzziel and Ballard afforded post an opportunity to reinforce to MOD officials the importance that the USG places on weapons accountability, re-transfer, and end-use monitoring issues. END SUMMARY

[1](#)2. On April 9 and 10, PM/DDTC representatives Judd Stitzziel and Kyle Ballard accompanied Embassy officers to meetings with Government officials and the owner of GIR SA (Ori Zoller, see para. 7) to discuss the sale of MAP-origin firearms by the MOD to U.S. company Century Arms in 2007. Prior to the meetings post delivered to MOD officials Reftel questions regarding the MOD's commercial relationship with Guatemalan intermediary GIR SA and Century Arms, and had raised the issue with the current Minister of Defense on several occasions. Embassy officials who have followed the Century Arms deal provided background information to Stitzziel and Ballard prior to the external meetings, and detailed the positive role members of the Guatemalan military played in bringing the Century Arms weapons transaction to Embassy attention.

[1](#)3. On April 10, Stitzziel, Ballard, Polmil officer, and the MILGRP Commander met with the chief of the MOD's Judicial Office, Colonel Jorge Contreras, and the Commanders of the MOD's Logistics Office and Military Armaments Office. Guatemalan military officers present have been in their current positions less than three months and apologized for not having firsthand knowledge of the Century Arms case. They also promised to provide answers to all Reftel questions following searches of their respective records and interviews of officers who had been working in their offices at the time of the sale. Contreras requested that post submit another request for written responses outlining the additional questions raised during the meeting and asked for an additional two weeks to prepare the MOD response. Stitzziel

agreed to the extension and suggested that it would be helpful if the MOD could provide information on how the MOD has changed or will change its inventory control and re-transfer procedures to ensure that all future arms sales comply with Guatemala's bilateral agreements with the U.S. (Comment: The MOD representatives appeared genuinely committed to providing full disclosure relating to the sale of arms to Century Arms. The officers currently occupying the positions involved in inventory control and arms import/export issues have little firsthand knowledge of the sale, but are under orders of the Minister of Defense to fully cooperate with the USG on this issue. The officers Qfully cooperate with the USG on this issue. The officers noted that many of the most important questions listed in Reftel could be answered only by representatives of the MOD,s Finance Office, who did not to attend the meeting. End Comment.)

14. On April 10, Stitzziel, Ballard, and Embassy officers met with GIR SA owner Ori Zoller regarding his company's involvement in the Reftel arms sale (Ref B). Zoller provided copies of documentation and his recollection of the events. According to Zoller, the MOD owed money to the Israeli arms company IMI for the refurbishment of Galil assault rifles and parts. GIR SA is IMI,s representative in Guatemala. Zoller stated that when the MOD was unable to pay, the then-MOD leadership offered to sell weapons from its existing stock to cancel the debt. Zoller stated that he agreed to arrange such a transaction, but only if the weapons were exported to the U.S. He stated that by shipping the weapons to the U.S., he hoped to avoid any possibility that the weapons could be diverted to an inappropriate end-user. He asserted that he approached Century Arms with the idea, and that Century Arms sent representatives to select what weapons they wished to purchase. He added that he took no steps to formalize the deal until Century Arms and the MOD had agreed on the list of

weapons, and Century Arms had obtained the necessary permission from U.S. officials to import the weapons into the U.S. He stressed that after receiving approval from both the GOG and the USG he took ownership of the weapons only "on paper," and that Century Arms sent representatives to Guatemala to handle the actual shipment. Zoller was very clear that he at no time took physical possession of the weapons, and that Century Arms representatives physically traveled to a military warehouse in Guatemala with a shipping container rented by Century Arms and proceeded to inventory and pack the weapons. Zoller added that Century Arms had sole custody of the weapons from the time that they left the military warehouse until they were shipped out of the country, and that he was not present at these events.

15. Even though the MOD representatives were not ready to respond to Ref A questions during the April 10 interview, they did offer interesting insights into events that differ from Zoller's account. The major area of disparity arose when the officers were questioned about the physical chain of custody of the weapons. Although none of the officers present was involved in the transaction, the current commander of the MOD's Logistics Office was working for the Guatemalan Military Inspector General's office at the time and recalls the event. He stated that he and fellow officers went to the military warehouse to observe the transfer, but upon arrival found the weapons already loaded into a sealed GIR SA truck. He suggested that there was little oversight and accountability procedures involved in loading the GIR SA truck, which was performed by just a few men. He added that he did not have the authority to order the trucks opened and that the trucks left the military warehouse in the sole custody of GIR SA, which took them to a GIR SA facility for packing and loading into a shipping container. These statements, confirmed by a junior officer also present in the meeting, are in direct contradiction to Zoller's statements, and suggest that GIR SA may have played a larger role in the transaction than Zoller admitted.

16. Comment: The visit of Stitzziel and Ballard enabled post

to emphasize to MOD officials the importance that the USG places on weapons accountability, re-transfer, and end-use monitoring issues. Given the extra time agreed upon, we expect the MOD to make a good faith effort to fully and transparently answer all questions posed regarding the Century Arms deal. Given the lack of any representation by the MOD's Finance Office at the meeting, it is unclear how willing and able this important office will be to provide some of the most important requested information. The MOD is also working closely with post's MILGRP Commander to improve both its end-use monitoring and inventory control systems to ensure that all future arms sales comply with Guatemala's bilateral obligations with the U.S. Post will continue to stay engaged on this issue and will forward the MOD's written response when it becomes available. End Comment.

¶7. GIR SA's verbal responses to Reftel questions during the April 10 meeting are as follows: (Note: GIR SA's answers have not been corroborated or verified by post. End Note)

-- Question: What is the nature of GIR SA's business and who are your clients? GIR SA response: GIR SA is an arms sales company founded in 1996 to represent the Israeli arms company IMI in Guatemala and other Central American countries. Although GIR SA handles arms purchases between the governments of several Central American countries and the governments of several Central American countries and IMI, the bulk of its business is the commercial importation of handguns from IMI. GIR SA owner Ori Zoller stated that GIR SA has one retail store, but also sells wholesale to 120 other gun stores. He put annual sales at between 8,000 and 10,000 IMI handguns a year.

-- Question: What is GIR's relationship to the Guatemalan MOD? GIR SA response: As a result of a prohibition on U.S. and European arms sales to Guatemala, Guatemala adopted the Israeli-made Galil assault rifle as its primary combat weapon. As IMI's representative in Guatemala, GIR SA has maintained a close working relationship with the Guatemalan MOD since 1996.

-- Question: In what capacity was GIR SA involved in the firearms re-export transaction? GIR SA response: GIR SA was technically the owner of the weapons, having taken "paper" ownership of them to cancel a debt owed by the MOD to Israeli arms company IMI. However, at no point in time did GIR SA have physical custody of the weapons.

-- Question: What is your company's relationship with US company Century Arms? GIR SA response: GIR SA has done

successful business with Century Arms since approximately ¶1997. While Century Arms recently approached GIR SA about new business deals, GIR SA will not do business with them again until the issues relating to Ref A arms sale are resolved.

-- Question: What entity or individual first approached GIR SA regarding this transaction? GIR SA response: The Guatemalan MOD approached GIR SA in hopes of exchanging old equipment to pay an outstanding debt. GIR SA then asked Century Arms if it would be interested in buying the weapons.

-- Question: What firearms were obtained from the GOG through GIR SA? GIR SA response: (Zoller provided Stitzziel with lists of weapons reportedly transferred to Century Arms as part of the sale.)

-- Question: What fee was levied by GIR SA for its role in the transaction? GIR SA response: Zoller stated that he made money on the transaction, but did not provide a specific dollar amount regarding how much he earned on the sale. He stressed that GIR SA's transaction with the MOD was a "barter deal"; there was no exchange of money between GIR SA and the MOD. GIR SA, however, did receive cash from Century Arms for the weapons. Zoller claimed that the MOD is not allowed to receive cash payments on its own behalf. Zoller

explained that the money GIR SA received from Century Arms was used for several purposes: for resolution of the GOG,s debt to IMI for the refurbished Galil rifles, for GIR SA,s profits, and for several "projects" performed by GIR SA for the MOD. These "projects" included supplying equipment and performing services related to a military hotel. (Comment: Stitzziel asked Zoller for documents that detail the financial arrangement and title transfer between GIR SA and the MOD. Zoller produced GOG documents that referred to the arms transfer but said he could not locate any documents that outlined the deal in detail. Instead, he provided the record locator number of a MOD Military Armaments document which he claimed contained the requested information. Post has asked the MOD to provide a copy of this document. End comment.)

-- Question: Did GIR SA have formal custody of the firearms listed in GC-0321-07? GIR SA response: Zoller was very clear that while GIR SA was the owner of the weapons listed in GC-0321-07 "on paper," his company "never had physical possession of the weapons."

-- Was the company aware of the complete content of the final shipment to Century Arms in the United States? GIR SA response: Zoller provided packing lists of the complete shipments, but stressed that Century Arms, not his company, packed and shipped the weapons to the United States.

-- Would GIR SA produce appropriate packing and shipping documentation to indicate the content of the final shipment? GIR SA response: Zoller provided a packet of documents relating to the sale in question during the meeting, and also provided Polmil officer with additional documents 24 hours after the meeting. Stitzziel took all documents to Washington for evaluation, but a first reading indicated that not all requested documents were in fact provided.

18. This message was cleared by PM/DTCC J. Stitzziel prior to transmission.

Derham